

UTILITIES DIVISION[199]

Adopted and Filed

Pursuant to Iowa Code sections 17A.4, 474.5, and 476.2, the Utilities Board (Board) gives notice that on October 16, 2017, the Board issued an “Order Adopting Amendments” in Docket No. RMU-2016-0007, In re: Service Supplied by Gas Utilities [199 IAC Chapter 19], amending the Board’s rules regarding natural gas service.

Notice of Intended Action was published in the March 1, 2017, Iowa Administrative Bulletin as **ARC 2956C**, and an oral comment presentation was held on April 20, 2017. The following parties participated during the oral comment presentation: the Office of Consumer Advocate (OCA), a division of the Iowa Department of Justice; Iowa Legal Aid (Legal Aid); MidAmerican Energy Company (MidAmerican); Black Hills/Iowa Gas Utility Company, LLC d/b/a Black Hills Energy (Black Hills); Interstate Power and Light Company (IPL); and the Iowa Economic Development Authority. The Board held a workshop on September 7, 2017, to solicit further discussion and comments regarding these amendments. The Board also received written comments from the aforementioned parties as well as Liberty Utilities (Midstates Natural Gas) Corp. d/b/a Liberty Utilities (Liberty) and the Iowa Department of Human Rights (Human Rights). Seven other interested parties filed comments in support of a new rule regarding the expansion of natural gas service to unserved or underserved areas of the state.

The Board generally adopted the amendments published under Notice of Intended Action. However, additional changes have been made since the publication of the Notice of Intended Action, and those changes are as follows:

The Board changed “render” to “provide” throughout in an effort to use more common language. The Board is also making several other nonsubstantive changes to update archaic or outdated language for ease of readability.

The Board is amending subrule 19.3(5), relating to meter access, to include language from subrule 20.3(5) per a suggestion from OCA that was not objected to by any other party.

MidAmerican, Black Hills, IPL, and Liberty (collectively, the Rate-Regulated Utilities) proposed a new subrule regarding expansion of natural gas service to unserved or underserved rural areas in the state. Seven other interested parties filed comments in support of the proposal. OCA objected to the proposal. On May 16, 2017, the Board requested comments regarding new paragraph 19.3(10)“g” that would apply to areas of the state without current natural gas service or where service is constrained. Following additional comments from OCA and the Rate-Regulated Utilities on this issue, the Board further revised the language in an effort to balance the concerns of all interested parties as well as the needs of both current and potential new customers.

The Board modeled new paragraph 19.3(10)“g” after existing line extension rules found in subrule 19.3(10). Paragraph 19.3(10)“g” requires utilities to use a standard feasibility model approved by the Board to determine if an expansion of service into an unserved or underserved area is economically viable. The customer or customers to be served do not need to make an advance for construction if the model supports a finding that the project is viable over a period of up to 20 years. If the model does not show the expansion is economically justified over a 20-year period, a contribution in aid of construction in an amount sufficient to make the project economically justified may be made by the customer or customers. The new paragraph requires utilities to file information for Board notice rather than Board approval, and any prudence determination or recovery will not occur until a utility’s next general rate case.

The Board added the word “even” to paragraph “1” of renumbered 19.4(11)“c”(1) to more clearly indicate that the monthly payments offered under a first payment agreement must be evenly spread over the applicable period of time. The Board also added a sentence to renumbered subrule 19.4(11) to require utilities to inform customers that they may pay off an outstanding delinquency early without incurring any prepayment penalties. Additionally, the Board clarified that an oral or electronic agreement is deemed

accepted by the customer once the first payment is made by the customer or on behalf of the customer by a third party. Additional minor editorial changes for clarity have also been made to this subrule.

In response to comments from MidAmerican and IPL at the September 7, 2017, workshop, the Board did not adopt the previously proposed paragraph “a” in renumbered subrule 19.4(13) that would have required utilities to show “therm reading” on customer bills. The remaining paragraphs in renumbered subrule 19.4(13) have been relettered accordingly.

The Board adopted additional changes to subparagraph 19.4(14)“d”(3) in response to comments from Human Rights. The changes primarily update the contact information for Human Rights and also add the term “weatherization.” In response to written comments from MidAmerican and OCA, the Board added language to subparagraph 19.4(15)“d”(4) to reflect that utilities need only make a diligent attempt to contact the landlord. The use of “diligent” rather than “reasonable” is to mirror the existing language in this subparagraph.

The Board amended subparagraph 19.4(15)“d”(9) to allow utilities to provide an incentive to customers to continue to make payments during the winter moratorium period so that customers are less likely to face large delinquencies and potential disconnections at the end of the moratorium period on April 1. Any such incentive program would need to be included in a utility’s tariff approved by the Board.

In its comments, Legal Aid argued for clarification to the statute of limitations language proposed for subrule 19.4(16). Legal Aid asked for clarification that the proposed language setting forth a ten-year period not be made retroactive. OCA agreed with Legal Aid’s position, citing its position in *Seacrest v. MidAmerican Energy Co.*, Docket No. FCU-2016-0010. MidAmerican opposed this change, stating that the decision had already been made in *Property Management Group v. Black Hills Energy*, Docket No. FCU-2015-0001, to make the statute of limitations retroactive. The Board clarified that the statute of limitations is not retroactive in its June 14, 2017, order in the *Seacrest* case, and added additional language to subrule 19.4(16) to clarify that the previous five-year limitations period for oral contracts still applies to debts where that period had already expired prior to the Board’s decision in Docket No. NOI-2014-0004 to switch to a ten-year statute of limitations period (absent extenuating circumstances such as fraud or deceit). The Board also made additional nonsubstantive changes to further clarify the statute of limitations language in subrule 19.4(16).

The Board amended subrules 19.10(7) and 19.11(1) based upon comments made by OCA that were not objected to by any other parties. Specifically, for subrule 19.10(7) relating to overbillings and underbillings, OCA argued that the percentage applicable to utilities serving fewer than 10,000 customers should be set at 5 percent rather than 10 percent. For subrule 19.11(1) relating to gas procurement, OCA proposed leaving in the language in existing paragraph 19.11(1)“b” requiring utilities to file the actual contracts with the Board. In the absence of any other objections, the Board adopted those proposed changes. The Board also adopted a change to 19.11(1) at the request of IPL and MidAmerican; specifically, the phrase “by customer class” now only applies to the forecasts of total annual throughput.

The Board did not adopt the proposed amendments to subrule 19.12(4), relating to flexible-rate reporting requirements. OCA opposed the proposed changes to subrule 19.12(4) because, although the Board stated it would move the requirements to Chapter 23, it was not proposing to do so concurrently with these changes. The Board agreed that it is premature to adopt the proposed amendments at this time. The Board may reconsider these amendments when it commences its rule making related to annual reports and Chapter 23 in Docket No. RMU-2016-0036.

The Board adopted changes to subrule 19.14(4) regarding deficiencies in CNGP applications. Specifically, the Board retained the 30-day period to complete deficient applications and to clarify that a failure to do so will result in the denial of the application.

The Board also received numerous comments regarding the Tracker and the proposed amendments to rule 199—19.18(476) in the Notice of Intended Action published on March 1, 2017. In response to the comments, the Board left in place language allowing government-mandated projects to be eligible for recovery through the Tracker. The Board also adopted language to allow the five-year recovery period to be changed or extended by a future Board order when circumstances warrant such an extension,

and to clarify that approved recoveries may continue until the investments are fully depreciated or until the utility's next general rate case proceeding. The Board also adopted other nonsubstantive editorial changes in rule 199—19.18(476) for clarity.

The order approving this Adopted and Filed rule making can be found on the Board's Electronic Filing System (EFS) Web site, efs.iowa.gov, in Docket No. RMU-2016-0007.

After analysis and review, the Board concludes that the amendments will not have a detrimental effect on employment in Iowa.

These amendments are intended to implement Iowa Code sections 476.2, 476.6, 476.8, 476.18, 476.20, 476.54, and 546.7.

These amendments will become effective December 13, 2017.

The following amendments are adopted.

ITEM 1. Amend subrule 19.2(3) as follows:

19.2(3) Form and identification. All tariffs shall conform to the following rules:

a. The tariff shall be printed, typewritten or otherwise reproduced on 8½- × 11- inch sheets of durable white paper so as to result in a clear and permanent record. The sheets of the tariff should be ruled or spaced to set off a border on the left side suitable for binding. In the case of utilities subject to regulation by any federal agency, the format of sheets of tariff as filed with the board may be the same format as is required by the federal agency provided that the rules of the board as to title page; identity of superseding, replacing or revision sheets; identity of amending sheets; identity of the filing utility, issuing official, date of issue, effective date; and the words, "Gas Tariff Filed with Board" shall apply in the modification of the federal agency format for the purposes of filing with this board. Pursuant to 199—subrule 14.5(5), tariffs filed electronically shall be formatted in accordance with this rule.

b. The title page of every tariff and supplement shall show:

(1) The first page shall be the title page which shall show:

(Name of Public Utility)

Gas Tariff

Filed with

Iowa Utilities Board

(date)

~~(This requirement does not apply to tariffs or amendments filed with the board prior to April 1, 1982.)~~

(2) When a tariff is to be superseded or replaced in its entirety, the replacing tariff shall show on the upper right corner of its title page that it is a revision of a tariff on file and the number being superseded or replaced, for example:

Tariff No. _____

Supersedes Tariff No. _____

~~(This requirement does not apply to tariffs or amendments filed with the board prior to April 1, 1982.)~~

(3) and (4) No change.

c. and d. No change.

ITEM 2. Amend paragraph **19.2(4)“c,”** introductory paragraph, as follows:

c. A copy of the utility's rules, or terms and conditions, describing the utility's policies and practices in ~~rendering~~ providing service shall include:

ITEM 3. Amend paragraph **19.3(1)“e”** as follows:

e. This rule shall not be construed to prohibit any utility from requiring more extensive individual metering than otherwise required by this rule if required pursuant to tariffs ~~filed with and~~ approved by the board.

ITEM 4. Rescind and reserve subrule **19.3(4)**.

ITEM 5. Amend subrule 19.3(5) as follows:

19.3(5) Meter register. If it is necessary to apply a multiplier to the meter readings, the multiplier must be marked on the face of the meter register or stenciled in weather resistant paint upon the front cover of the meter. Customers shall have continuous visual access to meter registers as a means of

verifying the accuracy of bills presented to them and for implementing such energy conservation initiatives as they desire, except in the individual locations where the utility has experienced vandalism to windows in the protective enclosures. Where remote meter reading is used, whether outdoor on-premises or off-premises-automated, the customers shall have a readable meter register at the meter as a means of verifying the accuracy of bills presented to them. A utility may comply with the requirements of this subrule by making the required information available via the Internet or other equivalent means.

In instances when a building owner has determined that unrestricted access to tenant metering installation would create a vandalism or safety hazard, the utility is exempted from the access provision above.

Continuing efforts should be made to eliminate or minimize the number of restricted locations. The utility should assist affected customers in obtaining meter register information.

ITEM 6. Amend subrule 19.3(6) as follows:

19.3(6) *Prepayment meters.* Prepayment meters shall not be geared or set so as to result in the charge of a rate or amount higher than would be paid if a standard type meter were used, except under ~~such special rate schedule as may be filed under 19.2(4)~~ tariffs approved by the board.

ITEM 7. Amend subrule 19.3(7) as follows:

19.3(7) *Meter reading and billing interval.* Readings of all meters used for determining charges and billings to customers shall be scheduled at least monthly and for the beginning and termination of service. Bills to larger customers may, for good cause, be ~~rendered~~ provided weekly or daily for a period not to exceed one month. Intervals other than monthly shall not be applied to smaller customers, or to larger customers after the initial month provided above, without ~~an exemption~~ a waiver from the board. A waiver request must include the information required by 199—1.3(17A,474,476,78GA,HF2206). If the board denies a waiver, or if a waiver is not sought with respect to a large volume customer after the initial month, that customer's bill shall be ~~rendered~~ provided monthly for the next 12 months, unless prior approval is received from the board for a shorter interval. The group of larger customers to which shorter billing intervals may be applied shall be specified in the utility's tariff sheets, but shall not include residential customers.

An effort shall be made to obtain readings of the meters on corresponding days of each meter-reading period. The utility rules may permit the customer to supply the meter readings by telephone, by electronic means, or on a form supplied by the utility. The utility may arrange for customer meter reading forms to be delivered to the utility by United States mail, electronically, or by hand delivery. The utility may arrange for the meter to be read by electronic means. Unless the utility has a plan to test check meter readings, a utility representative shall physically read the meter at least once each 12 months and when the utility is notified there is a change of customer.

~~The utility may arrange for the meter to be read by electronic means. Unless the utility has a plan to test check electronic meter readings, a utility representative shall physically read the meter at least once every 12 months.~~

ITEM 8. Amend subrule 19.3(8) as follows:

19.3(8) *Readings and estimates.* When a customer is connected or disconnected or the meter reading date causes a given billing period to deviate by more than 10 percent (counting only business days) from the normal meter reading period, such bill shall be prorated on a daily basis.

When access to meters cannot be gained, the utility may leave with the customer a meter reading form. The customer may provide the meter reading by telephone, electronic mail (if it is allowed by the utility), or by mail. If the meter reading information is not returned in time for the billing operation, an estimated bill may be ~~rendered~~ provided. If an actual meter reading cannot be obtained, the utility may ~~render~~ provide an estimated bill without reading the meter or supplying a meter reading form to the customer. Only in unusual cases or when approval is obtained from the customer shall more than three consecutive estimated bills be ~~rendered~~ provided.

The utility shall incorporate normalized weather data in its calculation of an estimated bill.

Utilities shall file with the board their procedures for calculating estimated bills, including their procedures for determining the reasonable degree-day data to use in the calculations. Utilities shall inform the board when changes are made to the procedures for calculating estimated bills.

ITEM 9. Rescind and reserve subrule **19.3(9)**.

ITEM 10. Amend paragraph **19.3(10)“a,”** definition of “Contribution in aid of construction,” as follows:

“Contribution in aid of construction,” as used in this subrule, means a nonrefundable cash payment grossed-up for the income tax effect of such revenue covering the costs of a ~~distribution main extension~~ or service line that are in excess of costs paid by the utility. The amount of tax shall be reduced by the present value of the tax benefits to be obtained by depreciating the property in determining the tax liability.

ITEM 11. Amend paragraphs **19.3(10)“e”** and **“f”** as follows:

e. Extensions not required. Utilities shall not be required to make distribution main extensions or attach service lines as described in this subrule, unless the distribution main extension or service line shall be of a permanent nature. When the utility provides a temporary service to a customer, the utility may require that the customer bear all of the cost of installing and removing the service in excess of any salvage realized.

f. Different payment arrangement. This subrule shall not be construed as prohibiting any utility from making a contract with a customer using a different payment arrangement, if the contract provides a more favorable payment arrangement to the customer, so long as no discrimination is practiced among similarly situated customers.

ITEM 12. Adopt the following new paragraph **19.3(10)“g”**:

g. Areas without service or with constrained service.

(1) A utility may finance and expand natural gas service into an area of the state with no natural gas service or where capacity constraints limit the expansion of service. A utility expanding service under this paragraph may do so without requiring an advance for construction from a customer or group of customers if a standard feasibility model approved by the board shows the expansion is economically justified over a period not to exceed 20 years. The approved model will be adopted following a board proceeding in which interested parties will have the opportunity to review and comment on a model jointly proposed by the regulated gas utilities. The approved model will be made available on the board’s Web site. The utility shall charge the customer or customers for actual permit fees, and the permit fees are not refundable.

(2) If the feasibility model does not show the expansion is economically justified without an advance for construction, a customer or group of customers may contract with the utility and make, no more than 30 days prior to commencement of construction, an advance for construction in an amount that would make the expansion economically justified.

(3) Upon making a determination that it intends to move forward with an expansion pursuant to this paragraph, the utility shall notify the board by filing the inputs and results of the feasibility model and any associated contract or contracts with the board. The utility shall maintain separate books and records for any expansion made pursuant to this paragraph until the utility’s next general rate case proceeding.

ITEM 13. Amend paragraphs **19.4(1)“c,” “d”** and **“f”** as follows:

c. Notify customers affected by a change in rates or schedule classification in the manner provided in the rules of practice and procedure before the board. ~~(199—7.4(476))~~ (199—26.5(476))

d. Post a notice in a conspicuous place in each office of the utility where applications for service are received, informing the public that copies of the rate schedules and rules relating to the service of the utility, as filed with the board, are available for public inspection. If the utility provides access to its rate schedules and rules for service on its Web site, the notice ~~should~~ shall include the Web site address.

f. State, on the bill form, that tariff and rate schedule information is available upon request at the utility’s local business office. If the utility provides access to its tariff and rate schedules on its Web site, the statement shall include the Web site address.

ITEM 14. Rescind paragraph **19.4(1)**“i” and subrule **19.4(14)**.

ITEM 15. Renumber subrules **19.4(2)** to **19.4(13)** as **19.4(3)** to **19.4(14)**.

ITEM 16. Adopt the following new subrule 19.4(2):

19.4(2) Customer contact employee qualifications. Each utility shall promptly and courteously resolve inquiries for information or complaints. Employees who receive customer telephone calls and office visits shall be qualified and trained in screening and resolving complaints, to avoid a preliminary recitation of the entire complaint to employees without ability and authority to act. The employee shall provide identification to the customer that will enable the customer to reach that employee again if needed.

Each utility shall notify its customers, by bill insert or notice on the bill form, of the address and telephone number where a utility representative qualified to assist in resolving the complaint can be reached. The bill insert or notice shall also include the following statement: “If (utility name) does not resolve your complaint, you may request assistance from the Iowa Utilities Board by calling (515)725-7321 or toll-free 1-877-565-4450, or by writing to 1375 E. Court Avenue, Room 69, Des Moines, Iowa 50319-0069, or by e-mail to customer@iub.iowa.gov.”

The bill insert or notice for municipal utilities shall include the following statement: “If your complaint is related to service disconnection, safety, or renewable energy, and (utility name) does not resolve your complaint, you may request assistance from the Iowa Utilities Board by calling (515)725-7321, or toll-free 1-877-565-4450, by writing to 1375 E. Court Avenue, Room 69, Des Moines, Iowa 50319-0069, or by e-mail to customer@iub.iowa.gov.”

The bill insert or notice on the bill form shall be provided monthly by utilities serving more than 50,000 Iowa retail customers and no less than annually by all other natural gas utilities. Any utility which does not use the standard statement described in this subrule shall file its proposed statement in its tariff for approval. A utility that bills by postcard may place an advertisement in a local newspaper of general circulation or a customer newsletter instead of a mailing. The advertisement must be of a type size that is easily legible and conspicuous and must contain the information set forth above.

ITEM 17. Amend renumbered subrule 19.4(7) as follows:

19.4(7) Deposit refund. A deposit shall be refunded after 12 consecutive months of prompt payment (which may be 11 timely payments and one automatic forgiveness of late payment), unless the utility is entitled to require a new or additional deposit. For refund purposes, the account shall be reviewed after 12 months of service following the making of the deposit and for each 12-month interval terminating on the anniversary of the deposit. However, deposits received from customers subject to the exemption waiver provided by subrule 19.3(7), including surety deposits, may be retained by the utility until final billing. Upon termination of service, the deposit plus accumulated interest, less any unpaid utility bill of the customer, shall be reimbursed to the person who made the deposit.

ITEM 18. Amend renumbered subrule 19.4(9) as follows:

19.4(9) Customer bill forms. Each customer shall be informed as promptly as possible following the reading of the customer’s meter, on bill form or otherwise, of the following:

a. The reading of the meter at the beginning and at the end of the period for which the bill is ~~rendered~~ provided.

b. and *c.* No change.

d. The applicable rate schedule ~~or~~ with the identification of the applicable rate ~~schedule~~ classification.

e. No change.

f. The last date for timely payment shall be clearly shown and shall be not less than 20 days after the bill is ~~rendered~~ provided.

g. to *i.* No change.

ITEM 19. Amend renumbered subrule 19.4(10) as follows:

19.4(10) Customer billing information alternate. A utility serving fewer than 5000 gas customers may provide the information in ~~19.4(8)~~ 19.4(9) on bill form or otherwise. If the utility elects not to

provide the information of ~~19.4(8)~~ 19.4(9) on the bill form, it shall advise the customer, on the bill form or by bill insert, that such information can be obtained by contacting the utility's local office.

ITEM 20. Amend renumbered subrule 19.4(11) as follows:

19.4(11) Payment agreements.

a. and b. No change.

c. *Terms of payment agreements.*

(1) *First payment agreement.* ~~The utility shall offer customers who have received a disconnection notice or have been disconnected 120 days or less and who are not in default of a payment agreement the option of spreading payments evenly over at least 12 months by paying specific amounts at scheduled times. The utility shall offer customers who have been disconnected more than 120 days and who are not in default of a payment agreement the option of spreading payments evenly over at least 6 months by paying specific amounts at scheduled times.~~ The utility shall offer the following conditions to customers who have received a disconnection notice or who have been previously disconnected and are not in default of a payment agreement:

1. ~~The agreement shall also include provision for payment of the current account. The agreement negotiations and periodic payment terms shall comply with tariff provisions which are consistent with these rules. The utility may also require the customer to enter into a level payment plan to pay the current bill.~~

2. ~~When the customer makes the agreement in person, a signed copy of the agreement shall be provided to the customer.~~

3. ~~The utility may offer the customer the option of making the agreement over the telephone or through electronic transmission. When the customer makes the agreement over the telephone or through electronic transmission, the utility shall render to the customer a written document reflecting the terms and conditions of the agreement within three days of the date the parties entered into the oral agreement or electronic agreement. The document will be considered rendered to the customer when addressed to the customer's last known address and deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the document shall be considered rendered to the customer when delivered to the last known address of the person responsible for payment for the service. The document shall state that unless the customer notifies the utility within ten days from the date the document is rendered, it will be deemed that the customer accepts the terms as reflected in the written document. The document stating the terms and agreements shall include the address and a toll-free or collect telephone number where a qualified representative can be reached. By making the first payment, the customer confirms acceptance of the terms of the oral agreement or electronic agreement.~~

4. ~~Each customer entering into a first payment agreement shall be granted at least one late payment that is made four days or less beyond the due date for payment and the first payment agreement shall remain in effect.~~

1. For customers who received a disconnection notice or who have been disconnected less than 120 days and are not in default of a payment agreement, the utility shall offer an agreement with at least 12 even monthly payments. For customers who have been disconnected more than 120 days and are not in default of a payment agreement, the utility shall offer an agreement with at least 6 even monthly payments. The utility shall inform customers they may pay off the delinquency early without incurring any prepayment penalties.

2. The agreement shall also include provision for payment of the current account.

3. The utility may also require the customer to enter into a budget billing plan to pay the current bill.

4. When the customer makes the agreement in person, a signed copy of the agreement shall be provided to the customer.

5. The utility may offer the customer the option of making the agreement over the telephone or through electronic transmission.

6. When the customer makes the agreement over the telephone or through electronic transmission, the utility shall provide to the customer a written document reflecting the terms and conditions of

the agreement within three days of the date the parties entered into the oral agreement or electronic agreement.

7. The document will be considered provided to the customer when addressed to the customer's last-known address and deposited in the U.S. mail with postage paid. If delivery is by other than U.S. mail, the document shall be considered provided to the customer when delivered to the last-known address of the person responsible for payment for the service.

8. The document shall state that unless the customer notifies the utility otherwise within ten days from the date the document is provided, it will be deemed that the customer accepts the terms as reflected in the written document. The document stating the terms and agreements shall include the address and a toll-free or collect telephone number where a qualified representative can be reached.

9. Once the first payment required by the agreement is made by the customer or on behalf of the customer, the oral or electronic agreement is deemed accepted by the customer.

10. Each customer entering into a first payment agreement shall be granted at least one late payment that is four days or less beyond the due date for payment, and the first payment agreement shall remain in effect.

11. The initial payment is due on the due date for the next regular bill.

(2) *Second payment agreement.* The utility shall offer a second payment agreement to a customer who is in default of a first payment agreement if the customer has made at least two consecutive full payments under the first payment agreement.

1. The second payment agreement shall be for ~~the same term as or longer than~~ a term at least as long as the term of the first payment agreement.

2. The customer shall be required to pay for current service in addition to the monthly payments under the second payment agreement and may be required to make the first payment up-front as a condition of entering into the second payment agreement.

3. The utility may also require the customer to enter into a ~~level-payment~~ budget billing plan to pay the current bill.

(3) *Additional payment agreements.* The utility may offer additional payment agreements to the customer.

d. *Refusal by utility.* A customer may offer the utility a proposed payment agreement. If the utility and the customer do not reach an agreement, the utility may refuse the offer orally, but the utility must ~~render~~ provide a written refusal of the customer's final offer, stating the reason for the refusal, within three days of the oral notification. The written refusal shall be considered ~~rendered~~ provided to the customer when addressed to the customer's last-known address and deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the written refusal shall be considered ~~rendered~~ provided to the customer when handed to the customer or when delivered to the last-known address of the person responsible for the payment for the service.

A customer may ask the board for assistance in working out a reasonable payment agreement. The request for assistance must be made to the board within ten days after ~~the rendering of~~ the written refusal is provided. During the review of this request, the utility shall not disconnect the service.

ITEM 21. Amend renumbered subrule 19.4(12) as follows:

19.4(12) Bill payment terms. The bill shall be considered ~~rendered~~ provided to the customer when deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the bill shall be considered ~~rendered~~ provided when delivered to the last-known address of the party responsible for payment. There shall be not less than 20 days between the ~~rendering~~ providing of a bill and the date by which the account becomes delinquent. Bills for customers on more frequent billing intervals under subrule 19.3(7) may not be considered delinquent less than 5 days from the date of ~~rendering~~ the bill is provided. However, a late payment charge may not be assessed if payment is received within 20 days of the date the bill is ~~rendered~~ provided.

a. The date of delinquency for all residential customers or other customers whose consumption is less than 250 ccf per month shall be changeable for cause, ~~in writing~~; such as, but not limited to, 15 days from approximate date each month upon which income is received by the person responsible for

payment. In no case, however, shall the utility be required to delay the date of delinquency more than 30 days beyond the date of preparation of the previous bill.

b. to d. No change.

e. ~~Level-payment~~ Budget billing plan. Utilities shall offer a ~~level-payment~~ budget billing plan to all residential customers or other customers whose consumption is less than 250 ccf per month. A ~~level-payment~~ budget billing plan should be designed to limit the volatility of a customer's bill and maintain reasonable account balances. The ~~level-payment~~ budget billing plan shall include at least the following:

(1) Be offered to each eligible customer when the customer initially requests service. The plan may be estimated if there is insufficient usage history to create a budget billing plan based on actual use.

(2) Allow for entry into the ~~level-payment~~ budget billing plan anytime during the calendar year.

(3) Provide that a customer may request termination of the plan at any time. If the customer's account is in arrears at the time of termination, the balance shall be due and payable at the time of termination. If there is a credit balance, the customer shall be allowed the option of obtaining a refund or applying the credit to future charges. A utility is not required to offer a new ~~level-payment~~ budget billing plan to a customer for six months after the customer has terminated from a ~~level-payment~~ budget billing plan.

(4) Use a computation method that produces a reasonable monthly ~~level-payment~~ budget billing amount, which may take into account forward-looking factors such as fuel price and weather forecasts, and that complies with requirements in ~~19.4(11)“e”~~(4) this subrule. The computation method used by the utility shall be described in the utility's tariff and shall be subject to board approval. The utility shall give notice to customers when it changes the type of computation method in the ~~level-payment~~ budget billing plan.

The amount to be paid at each billing interval by a customer on a ~~level-payment~~ budget billing plan shall be computed at the time of entry into the plan and shall be recomputed at least annually. The ~~level-payment~~ budget billing amount may be recomputed monthly, quarterly, when requested by the customer, or whenever price, consumption, or a combination of factors results in a new estimate differing by 10 percent or more from that in use.

When the ~~level-payment~~ budget billing amount is recomputed, the ~~level-payment~~ budget billing plan account balance shall be divided by 12, and the resulting amount shall be added to the estimated monthly ~~level-payment~~ budget billing amount. Except when a utility has a ~~level-payment~~ budget billing plan that recomputes the ~~level-payment~~ budget billing amount monthly, the customer shall be given the option of applying any credit to payments of subsequent months' ~~level-payment~~ budget billing amounts due or of obtaining a refund of any credit in excess of \$25.

Except when a utility has a ~~level-payment~~ budget billing plan that recomputes the ~~level-payment~~ budget billing amount monthly, the customer shall be notified of the recomputed payment amount not less than one full billing cycle prior to the date of delinquency for the recomputed payment. The notice may accompany the bill prior to the bill that is affected by the recomputed payment amount.

(5) Irrespective of the account balance, a delinquency in payment shall be subject to the same collection and disconnection procedures as other accounts, with the late payment charge applied to the ~~level-payment~~ budget billing amount. If the account balance is a credit, the ~~level-payment~~ budget billing plan may be terminated by the utility after 30 days of delinquency.

ITEM 22. Amend renumbered subrule 19.4(13) as follows:

19.4(13) Customer records. The utility shall retain customer billing records for the length of time necessary to permit the utility to comply with ~~19.4(13)~~ 19.4(14) but not less than ~~three~~ five years. Customer billing records shall show, where applicable:

a. Therm consumption.

b. Meter reading.

c. Total amount of bill.

ITEM 23. Amend renumbered subparagraph **19.4(14)“b”(3)** as follows:

(3) Back billings shall be ~~rendered~~ provided no later than six months following the date of the metering installation test.

ITEM 24. Amend renumbered subrule **19.4(14)** by adopting the following **new** paragraph “f”:

f. Credits and explanations. Credits due a customer because of meter inaccuracies, errors in billing, or misapplication of rates shall be separately identified.

ITEM 25. Amend paragraph **19.4(15)“a”** as follows:

a. The utility shall give written notice of pending disconnection except as specified in paragraph 19.4(15) “b.” The notice shall set forth the reason for the notice and final date by which the account is to be settled or specific action taken. The notice shall be considered ~~rendered~~ provided to the customer when addressed to the customer’s last-known address and deposited in the U.S. mail with postage prepaid. If delivery is by other than U.S. mail, the notice shall be considered ~~rendered~~ provided when delivered to the last-known address of the person responsible for payment for the service. The date for disconnection of service shall be not less than 12 days after the notice is ~~rendered~~ provided. The date for disconnection of service for customers on shorter billing intervals under subrule 19.3(7) shall not be less than 24 hours after the notice is posted at the service premises.

One written notice, including all reasons for the notice, shall be given where more than one cause exists for disconnection of service. In determining the final date by which the account is to be settled or other specific action taken, the days of notice for the causes shall be concurrent.

ITEM 26. Amend subparagraph **19.4(15)“d”(3)**, introductory paragraph, as follows:

(3) The summary of the rights and responsibilities must be approved by the board. Any utility providing gas service and defined as a public utility in Iowa Code section 476.1 which does not use the standard form set forth below for customers billed monthly shall submit to the board ~~an original and six copies of~~ electronically its proposed form for approval. A utility billing a combination customer for both gas and electric service may modify the standard form to replace each use of the word “gas” with the words “gas and electric” in all instances.

ITEM 27. Amend subparagraph **19.4(15)“d”(3)**, Customer Rights and Responsibilities form, paragraph “3,” as follows:

3. How do I apply for low-income energy assistance? (Residential customers only)

a. Contact the local community action agency in your area (see attached list); or visit humanrights.iowa.gov/dcaa/where-apply.

~~b. Contact the Division of Community Action Agencies at the Iowa Department of Human Rights, Lucas State Office Building, Des Moines, Iowa 50319; telephone (515)281-0859. To prevent disconnection, you must contact the utility prior to disconnection of your service.~~

~~e. b.~~ To avoid disconnection, you must apply for energy assistance or weatherization before your service is shut off. Notify your utility that you may be eligible and have applied for energy assistance. Once your service has been disconnected, it will not be reconnected based on approval for energy assistance.

~~d. c.~~ Being certified eligible for energy assistance will prevent your service from being disconnected from November 1 through April 1.

d. If you have additional questions, contact the Division of Community Action Agencies at the Iowa Department of Human Rights, Lucas State Office Building, Des Moines, Iowa 50319; telephone (515)281-3861.

ITEM 28. Amend subparagraph **19.4(15)“d”(3)**, Customer Rights and Responsibilities form, paragraph “7,” as follows:

7. How will I be told the utility is going to shut off my gas service?

a. You must be given a written notice at least 12 days before the utility service can be shut off for nonpayment. This notice will include the reason for shutting off your service.

b. If you have not made payments required by an agreed-upon payment plan, your service may be disconnected with only one day’s notice.

c. The utility must also try to reach you by telephone or in person before it shuts off your service. From November 1 through April 1, if the utility cannot reach you by telephone or in person, the utility

will put a written notice on the door or another conspicuous place of your residence to tell you that your utility service will be shut off.

ITEM 29. Amend subparagraph **19.4(15)“d”(4)** as follows:

(4) When disconnecting service to a residence, made a diligent attempt to contact, by telephone or in person, the customer responsible for payment for service to the residence to inform the customer of the pending disconnection and the customer’s rights and responsibilities. During the period from November 1 through April 1, if the attempt at customer contact fails, the premises shall be posted at least one day prior to disconnection with a notice informing the customer of the pending disconnection and rights and responsibilities available to avoid disconnection.

If an attempt at personal or telephone contact of a customer occupying a rental unit has been unsuccessful, the utility shall make a diligent attempt to contact the landlord of the rental unit, if known, shall be contacted to determine if the customer is still in occupancy and, if so, the customer’s present location. The landlord shall also be informed of the date when service may be disconnected. The utility shall make a diligent attempt to inform the landlord at least 48 hours prior to disconnection of service to a tenant.

If the disconnection will affect occupants of residential units leased from the customer, the premises of any building known by the utility to contain residential units affected by disconnection must be posted, at least two days prior to disconnection, with a notice informing any occupants of the date when service will be disconnected and the reasons for the disconnection.

ITEM 30. Amend subparagraph **19.4(15)“d”(5)** as follows:

(5) Disputed bill. If the customer has received notice of disconnection and has a dispute concerning a bill for natural gas service, the utility may require the customer to pay a sum of money equal to the amount of the undisputed portion of the bill pending settlement and thereby avoid disconnection of service. A utility shall delay disconnection for nonpayment of the disputed bill for up to 45 days after the rendering providing of the bill if the customer pays the undisputed amount. The 45 days shall be extended by up to 60 days if requested of the utility by the board in the event the customer files a written complaint with the board in compliance with 199—Chapter 6.

ITEM 31. Amend subparagraph **19.4(15)“d”(7)** as follows:

(7) Severe cold weather. A disconnection may not take place where gas is used as the only source of space heating or to control or operate the only space heating equipment at the a residence on any day when the actual temperature or the 24-hour forecast of the National Weather Service forecast for the following 24 hours covering the area in which the residence is located includes a forecast that the temperature will residence’s area is predicted to be 20 degrees Fahrenheit or colder. In any case where If the utility has properly posted a disconnect notice in compliance with subparagraph 19.4(15)“d”(4) but is precluded from disconnecting service because of a National Weather Service forecast severe cold weather, the utility may immediately proceed with appropriate disconnection procedures, without further notice, when the temperature in the residence’s area where the residence is located rises above 20 degrees Fahrenheit and is forecasted to be remain above 20 degrees Fahrenheit for at least 24 hours, unless the customer has paid in full the past due amount or is otherwise entitled to postponement of disconnection, under some other provision of paragraph 19.4(15)“d.”

ITEM 32. Amend subparagraph **19.4(15)“d”(9)** as follows:

(9) Winter energy assistance (November 1 through April 1). If the utility is informed that the customer’s household may qualify for winter energy assistance or weatherization funds, there shall be no disconnection of service for 30 days from the date the utility is notified to allow the customer time to obtain assistance. Disconnection shall not take place from November 1 through April 1 for a resident who is a head of household and who has been certified to the public utility by the community action agency as eligible for either the low-income home energy assistance program or weatherization assistance program. A utility may develop an incentive program to delay disconnection on April 1 for customers who make payments throughout the November 1 through April 1 period. All such incentive programs shall be set forth in tariffs approved by the board.

ITEM 33. Amend paragraph **19.4(15)“f”** as follows:

f. A utility may disconnect gas service without the written 12-day notice for failure of the customer to comply with the terms of a payment agreement, except as provided in numbered paragraph ~~19.4(10)“e”(1)“4,”~~ 19.4(11)“c”(1)“4,” provided the utility complies with the provisions of paragraph 19.4(15)“d.”

ITEM 34. Amend subrule 19.4(16) as follows:

19.4(16) *Insufficient reasons for denying service.* The following shall not constitute sufficient cause for refusal of service to a customer:

a. to *d.* No change.

e. Failure to pay the back bill ~~rendered~~ provided in accordance with paragraph ~~19.4(13)“b”~~ 19.4(14)“b” (slow meters).

f. Failure to pay adjusted bills based on the undercharges set forth in paragraph ~~19.4(13)“e.”~~ 19.4(14)“e.”

g. Failure of a residential customer to pay a deposit during the period November 1 through April 1 for the location at which the customer has been receiving service in the customer’s name.

h. No change.

i. Delinquency in payment for service arising more than ten years prior, as measured from the most recent of:

(1) The last date of service for the account giving rise to the delinquency,

(2) Physical disconnection of service for the account giving rise to the delinquency, or

(3) The last voluntary payment or voluntary written promise of payment made by the customer, if made before the ten-year period described in this paragraph has otherwise lapsed.

j. Delinquency in payment for service that arose on or before September 4, 2010, pursuant to an oral contract, except in cases of fraud or deception that prevented the utility from timely addressing such delinquencies with the customer.

ITEM 35. Amend subrule 19.6(6) as follows:

19.6(6) *Referee tests.* Upon written request by a customer or utility, the board will conduct a referee test of a meter. A test need not be made more frequently than once in 18 months. The customer request shall be accompanied by a \$30 deposit in the form of a check or money order made payable to the utility.

Within 5 days of receipt of the written request and payment, the board shall forward the deposit to the utility and notify the utility of the requirement for a test. The utility shall, within 30 days after notification of the request, schedule the date, time and place of the test with the board and customer. The meter shall not be removed or adjusted before the test. The utility shall furnish all testing equipment and facilities for the test. If the tested meter is found to be more than 2 percent fast or 2 percent slow, the deposit will be returned to the party requesting the test and billing adjustments shall be made as required in ~~19.4(13)~~ 19.4(14). The board shall issue its report within 15 days after the test is conducted, with a copy to the customer and the utility.

ITEM 36. Amend subrule 19.10(1) as follows:

19.10(1) *Purchased gas adjustment clause.* ~~Purchased~~ Pursuant to Iowa Code section 476.6(11), purchased gas adjustments shall be computed separately for each customer classification or grouping previously approved by the board. Purchased gas adjustments shall use the same unit of measure as the utility’s tariffed rates. Purchased gas adjustments shall be calculated using factors filed in annual or periodic filings according to the following formula:

$$PGA = \frac{(C \times Rc) + (D \times Rd) + (Z \times Rz) + Rb + E}{S}$$

PGA is the purchased gas adjustment per unit.

S is the anticipated yearly gas commodity sales volume for each customer classification or grouping.

C is the volume of applicable commodity purchased ~~or transported~~ for each customer classification or grouping required to meet sales, S, plus the expected lost and unaccounted for volumes.

Rc is the weighted average of applicable commodity prices or rates, including appropriate hedging tools costs, to be in effect September 1 corresponding to purchases C.

D is the total volume of applicable entitlement reservation purchases required to meet sales, S, for each customer classification or grouping.

Rd is the weighted average of applicable entitlement reservation charges to be in effect September 1 corresponding to purchases D.

Z is the total quantity of applicable storage service purchases required to meet sales, S, for each customer classification or grouping.

Rz is the weighted average of applicable storage service rates to be in effect September 1 corresponding to purchases Z.

Rb is the adjusted amount necessary to obtain the anticipated balance for the remaining PGA year calculated by taking the anticipated PGA balance divided by the forecasted volumes, including storage, for one or more months of the remaining PGA year.

E is the per unit overcollection or undercollection adjustment as calculated under subrule 19.10(7).

The components of the formula shall be determined as follows for each customer classification or grouping:

a. to d. No change.

ITEM 37. Amend subrule 19.10(7) as follows:

19.10(7) Reconciliation of underbillings and overbillings. The utility shall file with the board on or before October 1 of each year a purchased gas adjustment reconciliation for the 12-month period which began on September 1 of the previous year. This reconciliation shall be the actual net invoiced costs of purchased gas and appropriate financial hedging tools costs less the actual revenue billed through its purchased gas adjustment clause net of the prior year's reconciliation dollars for each customer classification or grouping. Actual net costs for purchased gas shall be the applicable invoice costs from all appropriate sources associated with the time period of usage.

Negative differences in the reconciliation shall be considered overbilling by the utility, and positive differences shall be considered underbilling. This reconciliation shall be filed with all worksheets and detailed supporting data for each particular purchased gas adjustment clause. Penalty purchases shall only be includable where the utility clearly demonstrates a net savings.

a. The annual reconciliation filing shall include the following information concerning the hedging tools used by the utility:

(1) The type and volume of physical gas being hedged by the utility and the strategies used by the utility for hedging.

(2) The reason the hedge each hedging strategy was undertaken (e.g., to hedge storage gas, a floating price contract).

(3) A statement as to how each hedging strategy was consistent with the local distribution company's natural gas procurement plan.

(4) An explanation as to why the local distribution company believes each hedging strategy was in the best interest of general system customers.

~~(3) (5)~~ A detailed explanation of the instruments used to implement each hedging strategy (e.g., costless collar, straddled costless collar, purchasing or selling options, fixed-price purchases, future contracts, basis swaps, fixed-price swaps, call options, put options, option collars).

~~(4) The date the futures contract or option was purchased or the date the swap was entered into.~~

~~(5) The spot price of gas at the time the hedge was made, including an explanation of how the spot price was determined including the index or indices used.~~

(6) The amount of all commissions paid and to whom those payments were made.

~~(7) All administrative costs associated with the hedge.~~

~~(8) The name(s) of all marketers used and the amount of money paid to each marketer.~~

~~(9) The amount of savings or costs resulting from the hedge.~~

~~(10) (7)~~ The amount of money tied up or other collateral held in margin accounts for futures trading and the cost of that money or provided to counterparties as credit support for hedging transactions.

(8) The amount of all other third-party administrative or contracting costs paid and to whom those costs were paid.

(9) The name of each hedging counterparty and the amount of money paid to or received from each counterparty with respect to hedging (e.g., option premiums, financial settlement of gains or losses).

(10) Detailed reports or schedules of each hedging strategy, including the following information for each hedging instrument entered into by the utility:

1. The type of hedging instrument.
2. The date on which the hedging instrument was entered into by the utility.
3. The name of the counterparty with whom the hedging instrument was entered into.
4. The notional quantity of natural gas associated with the hedging instrument.
5. The notional delivery period associated with the hedging instrument.
6. The total amount of gains or losses realized by the utility on the hedging instrument.
7. For each futures contract or fixed-price purchase or sale, the fixed price paid or received by the utility and the final settlement price for the futures contract.
8. For each swap contract, the fixed price or index price paid by the utility, the index price or fixed price received by the utility, and the final settlement price of each applicable index referenced in the swap contract.
9. For each option contract, the underlying futures contract or index price referenced in the option contract, the strike price for the option, the premium paid or received by the utility for the option, and the final settlement price for the futures contract or index price referenced in the option.
10. For any other hedging instruments, relevant economic terms, conditions, reference prices, and other factors to support calculations of gains or losses associated with such instruments.
11. For the total natural gas volumes hedged during the PGA year, the fully hedged price of gas and the price if the gas had not been hedged.

- ~~(11) The premium paid for each option.~~
- ~~(12) The strike price of each option.~~
- ~~(13) The contracting costs for each swap transaction.~~
- ~~(14) The name of the fixed-price payer in a swap transaction.~~
- ~~(15) A statement as to how the hedge is consistent with the LDC's natural gas procurement plan.~~
- ~~(16) An explanation as to why the LDC believes the hedge was in the best interest of general system customers.~~

~~(17) All invoices, work papers, and internal reports associated with the hedge.~~

b. No change.

c. Any overbilling determined from the reconciliation shall be refunded to the customer classification or grouping from which it was generated. The overbilling shall be divided by the annual cost of purchased gas subject to recovery for the 12-month period which began the prior September 1 for each purchased gas adjustment clause and applied as follows:

(1) If the net overbilling from the purchased gas adjustment reconciliation exceeds 3 percent the applicable percentage of the annual cost of purchased gas subject to recovery for a specific customer classification or grouping, the utility shall refund the overbilling by bill credit or check starting on the first day of billing in the November billing cycle of the current year. The minimum amount to be refunded by check shall be \$10. Interest shall be calculated on amounts exceeding 3 percent the applicable percentage from the PGA year midpoint to the date of refunding. The interest rate shall be the dealer commercial paper rate (90-day, high-grade unsecured notes) quoted in the "Money Rates" section of the Wall Street Journal on the last working day of August of the current year.

(2) If the net overbilling from the purchased gas adjustment reconciliation does not exceed 3 percent the applicable percentage of the annual cost of purchased gas subject to recovery for a specific customer classification or grouping, the utility may refund the overbilling by bill credit or check starting on the first day of billing in the November billing cycle of the current year, or the utility may refund the overbilling through ten-month adjustments to the particular purchased gas adjustment from which they were generated. The minimum amount to be refunded by check shall be \$10. This adjustment shall be determined by dividing the overcollection by the anticipated sales volume for the prospective ten-month period beginning November 1 as determined in subrule 19.10(1) for the applicable purchased gas adjustment clause. The quotient, determined on the same basis as the utility's tariff rates, shall be

a reduction to that particular purchased gas adjustment for the prospective ten-month period beginning November 1.

(3) The overbilling percentage applicable to utilities serving fewer than 10,000 customers is 5 percent. For utilities serving 10,000 or more customers, the applicable percentage is 3 percent.

d. No change.

ITEM 38. Amend rule 199—19.11(476), catchwords, as follows:

199—19.11(476) Periodic review of gas procurement practices ~~[476.6(15)]~~.

ITEM 39. Amend subrule 19.11(1) as follows:

19.11(1) *Procurement plan.* ~~The~~ Pursuant to Iowa Code section 476.6(11), the board shall periodically conduct a contested case proceeding for the purpose of evaluating the reasonableness and prudence of a rate-regulated public utility's natural gas procurement and contracting practices. The board shall provide the utilities 90 days' notice of the requirement to file a procurement plan. In the years in which the board does not conduct a contested case proceeding, the board may require the utilities to file certain information for the board's review. In years in which the board conducts a full proceeding, a rate-regulated utility shall file prepared direct testimony and exhibits in support of a detailed 12-month plan and a 3-year natural gas procurement plan. A utility's procurement plan shall be organized as follows and shall include:

a. and b. No change.

c. A description of the utility's natural gas forecasting, procurement, and contracting practices; available supply options; and other available services (e.g., storage services, balancing services).

d. An exhibit detailing the utility's current, 12-month, and 3-year forecasts of total annual throughput by customer class, peak day demand, and anticipated reserve margin on a PGA-year basis.

~~e. e.~~ An organizational description of the officer or division responsible for gas procurement and a summary of operating procedures and policies for procuring and evaluating gas contracts.

~~d. f.~~ A summary of the legal, ~~and~~ regulatory, ~~and~~ commercial actions taken to minimize purchased gas costs.

~~e. g.~~ All Copies of all studies or investigation reports supporting the utility's testimony or materially considered by the utility in gas purchase contract or arrangement contracting decisions during the plan periods.

~~f. h.~~ A complete list of all contracts ~~executed since the last procurement review~~ in effect at the time of the procurement plan filing. The list shall include the contract term, the applicable service, and the contracted quantities.

~~g.~~ A list of other unbundled services available (for example, storage services if offered).

~~h. i.~~ A description of the supply options selected by the utility and an evaluation of the reasonableness and prudence of its contracting and procurement decisions. This evaluation should ~~show~~ explain the relationship between forecast and procurement.

ITEM 40. Renumber subrules **19.11(4)** to **19.11(6)** as **19.11(2)** to **19.11(4)**.

ITEM 41. Amend renumbered subrule 19.11(4), introductory paragraph, as follows:

19.11(4) *Executive summary.* On or before August 1, ~~2003~~ of each year, each natural gas utility shall file an executive summary and index of all standard and special contracts in effect for the purchase, sale or interchange of gas. ~~On or before August 1 each year thereafter, each natural gas utility shall file an update of the executive summary and index showing the standard and special contracts in effect on that date for the purchase, sale or interchange of gas.~~ The executive summary shall include the following information:

ITEM 42. Amend paragraph **19.12(2)“a”** as follows:

a. Natural gas utility companies may offer discounts to individual customers, to selected groups of customers, or to an entire class of ~~customer~~ customers. However, discounted rates must be offered to all directly competing customers in the same service territory. Customers are direct competitors if they make

the same end product (or offer the same service) for the same general group of customers. Customers that only produce component parts of the same end product are not directly competing customers.

ITEM 43. Amend subrule 19.12(5) as follows:

19.12(5) Rate case treatment. In a rate case, 50 percent of any identifiable increase in net revenues will be used to reduce rates for all customers; the remaining 50 percent of the identifiable increase in net revenues may be kept by the utility. If there is a decrease in revenues due to the discount, the utility's test year revenues will be adjusted to remove the effects of the discount by assuming that all sales or transportation services or customer charges were provided made at full tariffed ~~rate~~ rates for the customer class. Determining the actual amount will be a factual determination to be made in the rate case.

ITEM 44. Amend subrule 19.13(3) as follows:

19.13(3) Transportation service charges. Transportation service shall be offered to at least the following classes:

- a. Interruptible distribution service with system supply reserve.
- b. Interruptible distribution service without system supply reserve.
- c. Firm distribution service with system supply reserve.
- d. Firm distribution service without system supply reserve.

ITEM 45. Amend subrule 19.13(4) as follows:

19.13(4) Transportation service charges and rates. All rates and charges for transportation shall be based on the cost of providing the service.

a. "System supply reserve" service shall entitle the end-user to return to the system service to the extent of the interstate pipeline capacity purchased. The charge shall be at least equal to the administrative costs of monitoring the service, plus any other costs (including but not limited to gas demand costs which are directly assignable to the end-user).

b. End-users without system supply reserve service may only return to system service by paying an additional charge and are subject to the availability of adequate ~~system~~ interstate pipeline capacity. An end-user wishing to receive transportation service without system supply reserve must pay the utility for the discounted value of any contract between the utility and the end-user remaining in effect at the time of beginning transportation service. The discounted values shall include all directly assignable and identifiable costs (including but not limited to gas costs).

c. and d. No change.

~~e. Small volume transportation service. Rescinded IAB 4/28/04, effective 6/2/04.~~

~~f. Optional plan filing. Rescinded IAB 4/28/04, effective 6/2/04.~~

ITEM 46. Amend subrule 19.13(5) as follows:

19.13(5) Reporting requirements. A natural gas utility shall ~~file with the board two copies of each transportation contract entered into within 30 days of the date of execution~~ be required to provide a copy of information concerning transportation contracts upon request of the board, board staff, or the office of consumer advocate. ~~The utility may delete any information identifying the end-user and replace it with an identification number. The utility shall promptly supply the deleted information if requested by the board staff. The deleted information may be filed with a request for confidentiality, pursuant to 199 Iowa Administrative Code rule 1.9(22).~~

ITEM 47. Amend subrule **19.14(1)**, definition of "Competitive natural gas provider," as follows:

"Competitive natural gas provider" or "CNGP" means a person who takes title to natural gas and sells it for consumption by a retail end user in the state of Iowa, and it also means an aggregator as defined in Iowa Code section 476.86. CNGP includes an affiliate of an Iowa public utility. CNGP excludes the following:

1. A public utility which is subject to rate regulation under Iowa Code chapter 476.
2. A municipally owned utility which provides natural gas service within its incorporated area or within the municipal natural gas competitive service area, as defined in Iowa Code section ~~437A.3(21)"a"(1)~~ 437A.3(22)"a"(1), in which the municipally owned utility is located.

ITEM 48. Amend subrule 19.14(2) as follows:

19.14(2) General requirement to obtain certificate. A CNGP shall not provide competitive natural gas services to an Iowa retail end user without a certificate approved by the board pursuant to Iowa Code section 476.87. ~~An exception to this requirement is a CNGP that has provided service to retail customers before April 25, 2001. A CNGP subject to this exception shall file for a certificate under the provisions of this rule on or before June 1, 2001, to continue providing service pending the approval of the certificate.~~

ITEM 49. Amend subrule 19.14(4) as follows:

19.14(4) Deficiencies and board determination. The board shall act on a certification application within 90 days unless it determines an additional 60 days is necessary. Applications will be considered complete and the 90-day period will commence when all required items are submitted. Applicants will be notified of deficiencies and given 30 days to complete applications. Applications with deficiencies that are not cured within the 30-day period will be denied. Applicants will be notified when their application is complete and the 90-day period commences.

ITEM 50. Amend paragraph **19.14(6)“a”** as follows:

a. *Customer deposits.* Compliance with the following provisions shall apply to customers whose usage does not exceed 2500 therms in any month or 10,000 therms in any consecutive 12-month period.

Customer deposits – subrule ~~19.4(2)~~ 19.4(3).

Interest on customer deposits – subrule ~~19.4(3)~~ 19.4(4).

Customer deposit records – subrule ~~19.4(4)~~ 19.4(5).

Customer’s receipt for a deposit – subrule ~~19.4(5)~~ 19.4(6).

Deposit refund – subrule ~~19.4(6)~~ 19.4(7).

Unclaimed deposits – subrule ~~19.4(7)~~ 19.4(8).

ITEM 51. Amend subrule 19.15(1) as follows:

19.15(1) Applicability and purpose. This rule applies to each gas public utility, as defined in Iowa Code sections 476.1 and 476.1B. ~~Each~~ Pursuant to Iowa Code section 476.66, each utility shall maintain a program plan to assist the utility’s low-income customers with weatherization and to supplement assistance received under the federal low-income home energy assistance program for the payment of winter heating bills.

ITEM 52. Rescind subrules **19.15(2)** and **19.15(6)**.

ITEM 53. Renumber subrules **19.15(3)** to **19.15(5)** as **19.15(2)** to **19.15(4)**.

ITEM 54. Amend renumbered subrule 19.15(2), introductory paragraph, as follows:

19.15(2) Notification. Each utility shall notify all customers of the customer contribution fund at least twice a year. The method of notice which will ensure the most comprehensive notification to the utility’s customers shall be employed. Upon commencement of service and at least once a year, the notice shall be mailed or personally delivered to all customers, or provided by electronic means to those customers who have consented to receiving electronic notices. The other required notice may be published in a local newspaper(s) of general circulation within the utility’s service territory. A utility serving fewer than 6,000 customers may publish ~~their~~ its semiannual notices locally in a free newspaper, utility newsletter or shopper’s guide instead of a newspaper. At a minimum, the notice shall include:

ITEM 55. Amend renumbered subrule 19.15(3) as follows:

19.15(3) Methods of contribution. The utility shall provide for contributions as monthly pledges, as well as one-time or periodic contributions. A pledge by a customer or other party shall not be construed to be a binding contract between the utility and the pledgor. The pledge amount shall not be subject to delayed payment charges by the utility. Each utility may allow persons or organizations to contribute matching funds.

ITEM 56. Amend subparagraph **19.18(1)“b”(3)** as follows:

(3) Replaces or modifies existing infrastructure required by state or local government action, ~~or is required to meet state or federal natural gas pipeline safety regulations,~~ or to otherwise enhance safety as

approved in advance by the board. The utility shall make an annual filing with the board to seek advance determination of projects that meet this criterion.

ITEM 57. Rescind paragraph **19.18(1)“c.”**

ITEM 58. Amend subrule 19.18(2) as follows:

19.18(2) *Determination of recovery factor.* The utility may recover a rate of return and depreciation expense associated with eligible capital infrastructure investments described in subrule 19.18(1). The allowed rate of return shall be the approved average cost of debt from the utility’s last most recent general gas or electric rate review proceeding before the board. Depreciation expense shall be based upon the depreciation rates allowed by the board in the utility’s last most recent general gas rate review proceeding before the board.

ITEM 59. Amend subrule 19.18(3) as follows:

19.18(3) *Recovery procedures.*

a. To recover capital infrastructure investment costs that meet the criteria in paragraph 19.18(1)“a” through an automatic adjustment mechanism, the utility is required to obtain prior board approval of the automatic adjustment mechanism. The utility shall file information in support of the proposed automatic adjustment mechanism that includes:

(1) to (4) No change.

(5) A description of proposed recovery procedures, if different from the procedures described in ~~paragraphs~~ paragraph 19.18(3)“c” and “d”; and

(6) No change.

b. Recovery of capital infrastructure investment costs that meet the requirements in paragraph 19.18(1)“b” may be made by the utility by filing a proposed tariff with a 30-day effective date no later than April 1 of each year. Only one tariff filing to recover capital infrastructure investment costs shall be made in a 12-month period. After December 13, 2017, any recovery previously approved shall be aligned with an April 1 filing period when the utility next seeks recovery under this rule. The utility shall file information in support of the proposed automatic adjustment rates that includes:

(1) ~~The government entity mandate or action, including compliance with an integrity or safety plan adopted by the gas utility to comply with any such mandate or action, that results in the gas utility project and the purpose of the project, or the safety-related reason requiring the project. Proof that the capital infrastructure investment is a project that was approved in advance by the board as specified in 19.18(1)“b”(3).~~

(2) No change.

(3) The cost of debt from the utility’s most recent general gas or electric rate review proceeding before the board and the applicable depreciation rates from the utility’s last most recent general gas rate review proceeding before the board.

(4) and (5) No change.

~~(6) If the capital infrastructure investment to be included in the automatic adjustment mechanism is based upon an integrity or safety plan adopted in compliance with state or federal natural gas pipeline safety regulations, describe the relationship of the capital infrastructure investment to the integrity or safety plan and the relationship of the integrity or safety plan to a specific state or federal regulation. Provide the date the state or federal regulation was adopted, any relevant compliance dates, and the date the integrity or safety plan was adopted by the utility and how the integrity or safety plan was developed.~~

c. The utility shall calculate the rates for the recovery of the capital infrastructure investment through the automatic adjustment mechanism over the 12-month period beginning from the effective date of the tariff, unless otherwise ordered by the board. Unless otherwise specified in an approved tariff, the capital infrastructure investment factor shall be calculated by taking the total eligible investment costs for the prior calendar year divided by the actual prior calendar year’s sales volumes with the necessary degree-day adjustments. The utility may also use the degree-day adjustment that the utility utilized in the most recent purchased gas adjustment annual filing or any other appropriate degree-day adjustment. The degree-day adjustment shall not be determinative of any weather normalization adjustment in any future rate case. The calculated rate shall include a reconciliation that reconciles the

actual revenue recovered through the automatic adjustment mechanism with the costs of the eligible capital infrastructure investments proposed to be recovered over the previous collection period. Unless otherwise specified in an approved tariff, the capital infrastructure investment factor shall be recovered by a fixed monthly surcharge to customers, to be determined by totaling eligible investment costs for the prior calendar year, adjusted for the reconciliation amount, then dividing the total recovery amount among customer classes based upon the utility's most recent approved cost of service study, dividing the class recovery amounts by the number of months in the recovery period, and then dividing the assigned costs by the number of customers in each respective class. The recovery amount will be limited to annual depreciation plus a return on the undepreciated balance based on the cost of debt.

~~d. The utility shall file an annual reconciliation within 60 days of the end of the 12-month period each year after the initial year in which the automatic adjustment mechanism is implemented that reconciles the actual revenue recovered through the automatic adjustment mechanism with the costs of the eligible capital infrastructure investments proposed to be recovered. The reconciliation shall be for the 12-month period beginning with the effective date of the tariff. Any over-recoveries or under-recoveries from the reconciliation shall be recovered over the ten-month period from the effective date of any adjustment required by the reconciliation.~~

e. d. Recovery of a return on and return of capital infrastructure investment that is eligible for recovery pursuant to an automatic adjustment mechanism, including any recoveries approved under this rule prior to December 13, 2017, shall continue until the effective date of temporary rates in a subsequent general rate proceeding or, if temporary rates are not implemented, until final rates approved by the board in the utility's next general rate proceeding. To continue recovery, a utility shall file a proposed tariff each year. Once temporary or final rates approved by the board in the next general rate proceeding are effective, the automatic adjustment mechanism shall reset to zero. No more than five years of capital investment recovery, including any recoveries approved prior to December 13, 2017, shall be allowed between general rate proceedings unless otherwise approved by the board. A utility may continue recoveries allowed under this rule until the investments are fully depreciated or until the utility's next general rate proceeding.

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